



**Rail Enhancement Fund
Project Application Form**

Internal Use
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DRPT Tracking #

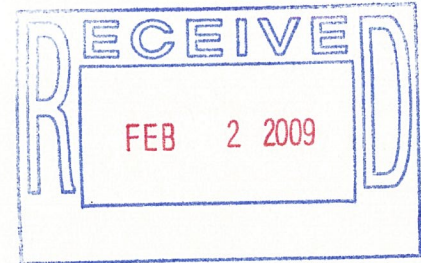
Date: February 1, 2009

A. Name of Applicant (Name and Address)

CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

Applicant type:

- ☐ Passenger Railroad
☒ Freight Railroad
☐ Locality
☐ Business
☐ Other _____



email copy rec'd 1/30/09
JS

B. Contact Information:

Responsible Person/Title: Jay Westbrook, AVP Public-Private Partnerships, Mail Stop J-315

Telephone: 904-359-3568 Fax: 904-359-1373 Email: Jay_Westbrook@csx.com

Project Manager/Title: Rick Nevinger, Director Transportation Projects, Mail Stop J-350

Telephone: 904-359-3251 Fax: 904-359-1030 Email: Rick_Nevinger@csx.com

C. Project Title: Virginia Avenue Tunnel (portion of National Gateway)

D. Project Location: (City/County, Rail line, Railroad Mile Post, attach map)



Scan001.PDF

Washington, DC, RF&P Subdivision – CFP 113 (3600' tunnel)

E. Owner of Property/Right-of-Way/Facility/Personal Property: CSX Transportation, Inc.

F. Responsible Party for Continuous Maintenance of Project: CSX Transportation, Inc.

G. Project Information:

1) Description of Project:

The National Gateway is a project that emerges from the continued growth in import, export, and domestic traffic. This initiative will provide an efficient double-stack rail route that links Mid-Atlantic ports to major markets in the Midwest via Washington, DC and the Virginia Avenue tunnel. Double-stack clearances will allow intermodal trains to handle more freight, provide relief to overcrowded highways, and make more efficient use of scarce train slots on Virginia's busiest passenger train route.

This Rail Enhancement Fund application focuses on one component of the National Gateway: the Virginia Avenue tunnel. This critical component, combined with other clearance, capacity, and terminal projects, will integrate Virginia into the National Gateway program to provide Portsmouth with an enhanced double-stack rail connection to other major points on the CSX network.

This project involves adding a second Main Track through the Virginia Avenue tunnel while clearing both tunnel tracks for 20'-2" Double Stack. In addition, it includes a first year request for funding to support 30% engineering, environmental due diligence, and preparation of permit documentation for the project.

2) Project Objective:

The Virginia Avenue tunnel is the largest clearance impediment on the National Gateway route. The National Gateway will provide an efficient rail route linking the Port of Virginia with Midwestern markets via Washington, DC, improving the flow of international and domestic traffic between these regions. This initiative will expand capacity and provide clearance allowing double-stack intermodal trains to handle increased freight providing relief to overcrowded highways and rail corridors.

3) Relationship to Other Projects under Development by Applicant or Previously Funded by this Program:

The National Gateway will extend the utility of three projects previously funded by the Rail Enhancement Fund. The Suffolk Connection for CSX to the Commonwealth Railway, the Portsmouth Subdivision Clearances, and the Median Rail Project serving the APM terminal and Craney Island. The National Gateway, in combination with these projects, creates a freight rail transportation system which will improve freight mobility around the Port and extend the rail reach of the Virginia Port into the Southeast, Northeast and Midwest with cost-effective, efficient double-stack access by two Class I railroads.

Clearance of the Virginia Avenue tunnel in the District of Columbia is a significant piece of the overall National Gateway initiative. While not included in this request, completion of the other Virginia clearance projects is key to achieving a double-stack cleared route to the Midwest from

Virginia, and we will seek support from the Virginia Rail Enhancement Fund in future submissions.

4) Describe the Public Benefit of Project. Identify significant types of benefits and beneficiaries from this project. (See Attachment A)

Clearing the Virginia Avenue tunnel is a component of clearing the National Gateway route while adding route capacity and adding terminal capacity to achieve substantial public benefits. A study by Cambridge Systematics found that the National Gateway would result in over \$3.2 billion in public benefits nationwide. These benefits include:

- Increased employment opportunities
- Reduced highway maintenance
- Better air quality
- Improved safety
- Smoother distribution of goods

Virginia will gain from the National Gateway through improved rail reliability, diversion of heavy trucks from the roadways, reduced emissions and fuel usage, and improved highway safety. A major initial step in achieving the National Gateway benefits is the Virginia Avenue tunnel project to add a second Main Track while clearing the two track tunnel for 20'-2" Double Stack capability. Shippers will benefit through lower transportation costs, improved service reliability, reduced transit times, and expanded access to rail services. The Port of Virginia will benefit from increased throughput and improvements in competitive position that result from improved transportation options. Passenger rail will also realize some benefits, mostly through improved service reliability from less congested rail lines between Richmond and Baltimore. Finally, since the traffic handled over the National Gateway will reach nearly every state, this project will provide national benefits through improved mobility and expanded freight capacity.

5) Attachment A – Project Data Information Form – Must be completed by Applicant and submitted with this application.

H. Type of Project:

- 1) ☒ New Construction ☐ Rehabilitation ☐ Study
- 2) ☒ Rail Infrastructure ☐ Rail Facility/Station
- ☐ Equipment/Rolling Stock ☒ Signals/Communication Equipment
- 3) Other:

I. Application Scope of Work Covers:

☐ Entire Project ☒ A Phase of a Multi-Phase Project ☐ Completion Phase

J. Project Budget Summary:

Preliminary Service, Engineering, or Feasibility Study	
Environmental Evaluation	<u>\$ 6,000,000</u>
Design Engineering	<u>\$ 14,146,350</u>
Right of Way Acquisition	<u> </u>
Construction	\$114,162,650
Construction Management	<u> </u>
Lease/Acquisition of Equipment	<u> </u>
Public Involvement (if applicable)	<u> </u>
Other <u> </u>	<u> </u>
Subtotal Project Budget	\$134,309,000

Total Project Budget \$134,309,000

Note: Budget dollars stated are in 2008 dollars.

K. Attach detailed budget and schedule information. If the project is for final design, construction or procurement; then plans, specifications and reports to a preliminary engineering level (approximately 30%) should be provided to support the project cost and major features (if applicable). A sample budget and schedule is included in Appendix D.

L. Rail Enhancement Funds Requested in this Application: \$24,001,100
Maximum 70% of Total Project Budget. Do not include any previous allocations or future phases.

Note: Federal Funds requested in this Application: \$76,998,900

M. Local Match Required by Applicant: \$33,309,000
At least a minimum 30% of Total Project Budget

If Overmatch, Provide Percentage _____

1) Match Breakdown by Source (Including any in-kind match)

- a. Provider of Local Match CSX Transportation, Inc.
- b. Status (confirmed/anticipated) Confirmed
- c. Attach justification for value of in-kind match.

2) Other Funding Sources Beyond Match Requirement

Federal \$76,998,900

a. Provider of Overmatch _____

b. Status (confirmed/anticipated) Anticipated

N. Project implementation schedule (based in months). List major milestones of the project, including environmental review and public involvement points if applicable.

See Attachment.

O. Statement of how this project promotes or does not preclude dual/multi-access use.

The National Gateway will enhance dual access at the Virginia Port by enabling improvements to the CSXT network in Virginia which will allow it to offer efficient double-stack access to Midwestern markets which are currently served from Virginia by a single Class I carrier with double-stack access.

P. List additional users of rail line, facility, and/or equipment.

Amtrak utilizes the North End and RF&P subdivisions where the Virginia bridge obstructions are located. Virginia Railway Express operates on the RF&P Subdivision where two of the bridge obstructions are located. Those clearance projects are in a separate Application.

Q. Identify any possible environmental or other issues/concerns within the scope of this project.

The net environmental impact of this and other CSXT projects proposed for funding this year will be positive: a more efficient rail network alleviating highway congestion, reducing fuel consumption and offsetting the need for additional highway construction. As a conscientious corporate citizen of Washington, DC and Virginia, CSXT is vigilant in its efforts to protect the environment in and around its operations throughout the state. However, details of any environmental issues within the scope of this project will be determined through the preliminary engineering process.

Required Attachments:

Application is not complete without items 1-5 completed by the Applicant and submitted with the Application.

1. Attachment A - Project Data Information Form (Provided)

2. Attachment B - Application Checklist (Provided)

3. Detailed cost, budget and schedule. Include preliminary engineering to 30% report, if applicable (Sample in Appendix D)

4. Certification of Match/% of Match/Documentation of Source of Match Including Defined Match Source (To be provided by Applicant)

5. Certification of Additive Investment (To be provided by Applicant)

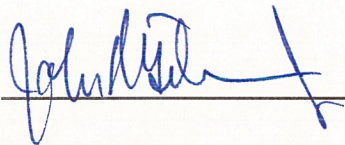
6. Statement from the Applicant/Owner of the facility that the SWAM participation goals will be achieved by the project.

7. Statement from the owner of the facility that acknowledges the Commonwealth will have a public interest in the facilities, materials, equipment and improvements funded or impacted by this project (To be provided by Applicant/Owner)

Application and Attachment Certification

To the best of my knowledge all information contained in this application and its attachments is true. The information provided to the Virginia Department of Rail and Public Transportation (DRPT) is subject to full disclosure except where protected by Virginia Code. Any additional documentation related to this application will be provided to DRPT upon request.

Authorized Signature and Title:



Date:

1/28/09



Project Application Completed Application Submission Information

One signed original, twelve copies, and an electronic copy in pdf format of the completed application and required documentation must be mailed under applicant cover to:

Director
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
Richmond, VA 23219

S/Virginia Avenue Tunnel Application February 1, 2009.doc

CERTIFICATION OF MATCH
FOR THE VIRGINIA AVENUE TUNNEL CLEARANCE PROJECT,
A MAJOR COMPONENT OF THE NATIONAL GATEWAY PROJECT

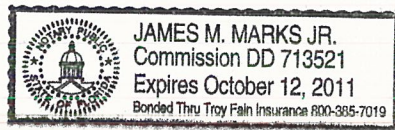
I, Michael J. Ward, as President & Chief Executive Officer of CSX Transportation, Inc. ("CSXT"), hereby certify that CSXT will provide 24.8 percent of the total cost of the Virginia Avenue Tunnel Project, with the Federal government share proposed at 57.3 percent and the Commonwealth of Virginia share proposed at 17.9 percent. CSXT has the funds ready and available for its 24.8 percent match of the project.

This certificate is hereby provided to satisfy Item 4 of the Required Attachments section of the Virginia Department of Rail and Public Transportation Rail Enhancement Fund Project Application Form.

Signed: Michael J. Ward
Michael J. Ward
President & CEO
CSX Transportation, Inc.

Date: 1-26-9

Notary:



James M. Marks Jr.
1-26-09

State of Florida
County of Duval

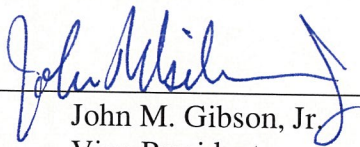
Sworn to and subscribed before me this 26th day of
January, 2009, by Michael J. Ward who is personally known to me.

James M. Marks Jr.
Dated: 1-26-2009

CERTIFICATION OF ADDITIVE INVESTMENT
FOR
THE VIRGINIA AVENUE TUNNEL CLEARANCE PROJECT,
A MAJOR COMPONENT OF THE NATIONAL GATEWAY PROJECT

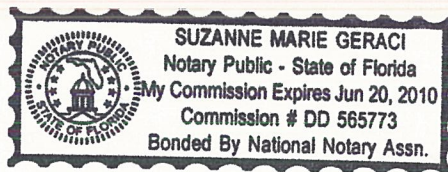
I, Jay S. Westbrook, as Assistant Vice-President, Public/Private Partnerships for CSX Transportation, Inc. ("CSXT"), hereby certify that CSXT is pursuing the Virginia Avenue Tunnel second Main Track and Clearance Project as part of the National Gateway initiative due to the availability of matching funds from the Commonwealth of Virginia and the Federal government. The proposed project is an additive investment that is either beyond CSXT's current capital plan and/or will accelerate rail infrastructure improvements as of the date set forth below.

This certificate is hereby provided to satisfy Item 5 of the Required Attachments section of the Virginia Department of Rail and Public Transportation Rail Enhancement Fund Project Application Form.

Signed: 
John M. Gibson, Jr.
Vice-President
Operations Research & Planning
CSX Transportation, Inc.

Date: 1/28/09

Notary:



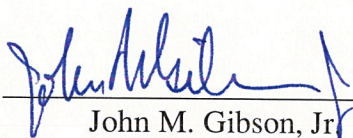
Suzanne Marie Geraci
1/28/2009

**STATEMENT FROM THE APPLICANT/OWNER OF THE FACILITY
THAT THE SWAM PARTICIPATION GOALS WILL BE ACHIEVED BY
THE VIRGINIA AVENUE TUNNEL PROJECT,
PART OF THE AF to RAVENSWORTH PROJECT**

To Whom It May Concern:

I hereby certify that the Virginia Avenue Tunnel clearance and second Main Track project, a major component of the National Gateway Project, will, whenever it is possible, comply with the Small, Women, and Minority (SWAM) enterprises participation goals established for the Rail Enhancement Fund Program.

Signed: _____



John M. Gibson, Jr.
Vice-President
Operations Research & Planning
CSX Transportation, Inc.

Date: _____

1/28/09

Notary: _____



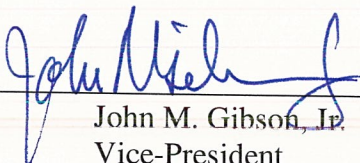
Suzanne Marie Geraci
1/28/2009

ACKNOWLEDGEMENT OF PUBLIC INTEREST
FOR THE VIRGINIA AVENUE TUNNEL CLEARANCE PROJECT,
A MAJOR COMPONENT OF THE NATIONAL GATEWAY PROJECT

I, Jay S. Westbrook, as Assistant Vice-President, Public/Private Partnerships for CSX Transportation, Inc. ("CSXT"), hereby acknowledge that the Commonwealth of Virginia will have a public interest in the Virginia Avenue Tunnel second Main Track and clearance project, a major component of the NATIONAL GATEWAY PROJECT. The Commonwealth of Virginia shall have a continued residual interest in the improvement of the CSXT property provided under the project. CSXT acknowledges and agrees that any improvements provided by this project may be placed on CSXT property. If, for any reason, the public benefit of the project no longer exists, CSXT shall have the option of retaining, or, at the entire cost of the Commonwealth, of removing, or of requiring the removal of, all or any portion of any improvements made under the project and of restoring CSXT's property and facilities to their original condition (ordinary wear and tear excepted), following such removal. If CSXT elects to retain all or any portion of the improvements for continued rail service, then CSXT shall pay to the Department the amount by which the then net salvage value of such improvements exceeds the removal and restoration costs otherwise to be incurred by the Commonwealth.

This acknowledgement is hereby provided to satisfy Item 7 of the Required Attachments section of the Virginia Department of Rail and Public Transportation Rail Enhancement Fund Project Application Form.

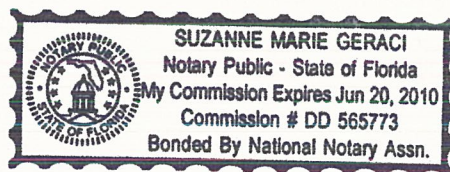
Signed: _____

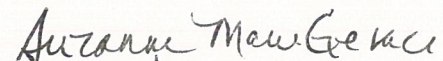


John M. Gibson, Jr.
Vice-President
Operations Research & Planning
CSX Transportation, Inc.

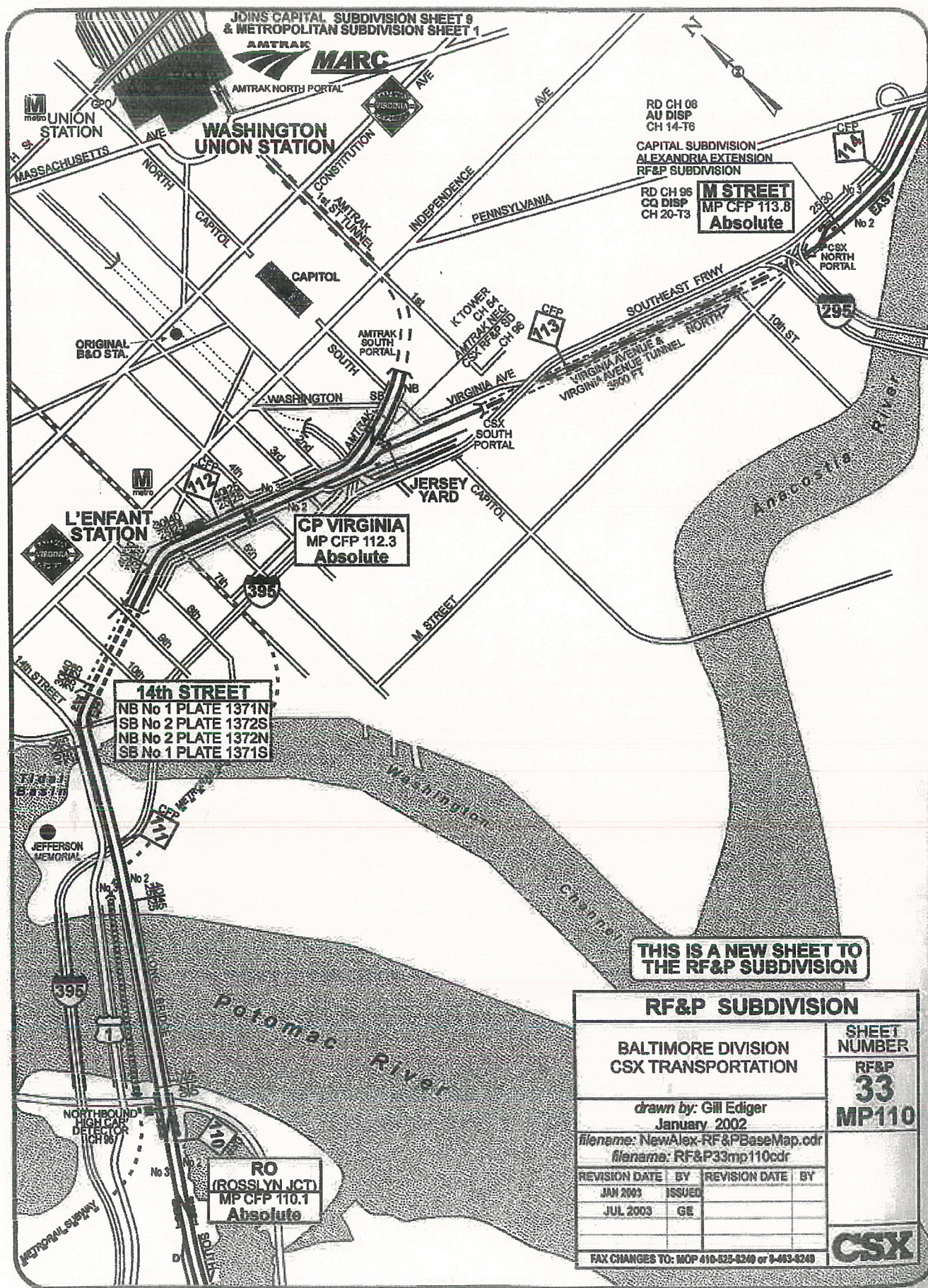
Date: 1/28/09

Notary: _____




1/29/2009

THIS IS THE BACK OF A BLANK SHEET. THIS IS THE GUTTER EDGE-- HOLES AND STAPLES GO ON THIS SIDE. ODD PAGES ON THE RIGHT, EVEN PAGES ON THE LEFT. LANDSCAPE PAGES ALL PAIR TO THE RIGHT.



**Attachment A
Project Data Information**

Date: February 1, 2009

Name of Applicant and Project

CSX Transportation, Inc. – Virginia Avenue Tunnel second Main Track and clearances for 20'-2" Double Stack operations, a major component of the National Gateway

General Instructions: Please complete the following forms that apply to the project application.

- For Freight Service projects, complete forms A1, A2 and A5
- For Intercity/Amtrak passenger projects, complete forms A1, A3 and A5
- For Commuter/VRE passenger projects, complete forms A1, A4 and A5
- For projects that involve benefits to both freight and passenger projects, form A1 and forms A2-A4 that apply must be completed. For each completed form A2-A4, a form A5 must be completed for each category for projects resulting in multiple project benefits.

Terms:

Project Cost and Construction Period: Form A1 shall be completed with total project cost by year of expenditure with total DRPT cost identified by year of expenditure. This section must be completed for all project applications.

Demand Characteristics: This category of information relates to the additional demand for rail service (including freight and passenger) due to the project. This additional demand must be over and above baseline conditions that currently exist. The specific data to enter here defines initial demand, steady state demand, and the years until steady state demand is achieved.

Steady State Demand: This term refers to the point at which the project benefits/demand have reached a long-term, sustainable level.

Project Impact on Travel Distance: This category of information includes the distance that would be traveled by vehicle or train. All distances should be limited to miles within Virginia. The distance should relate directly to the project-impacted area.

Demand Characteristics for a 15-year Performance Period: This term refers to the project output by performance year, which will be utilized to determine the public benefits and to determine the performance requirements over the 15-year Performance Period of the Grant Agreement.

**Rail Enhancement Fund
Project Application Checklist
Attachment B**

Date: February 1, 2009

Name of Applicant and Project:

CSX Transportation, Inc. – Virginia Avenue Tunnel second Main Track and 20'-2"
Double Stack Clearance project, a major component of the National Gateway

Checklist for Application

1. Project is consistent with goals of applicable adopted state, regional and/or local plans.

☒ Yes ☐ No

2. Project is an Additive Investment to Virginia.

☒ Yes ☐ No

3. Project provides for, or does not preclude, shared or dual access opportunity.

☒ Yes ☐ No

4. Applicant has provided documentation and certification of a match: CSX 24.8%, Federal 57.3%, and Commonwealth of Virginia 17.9%.

☒ Yes ☐ No

5. Applicant has provided an environmental review plan and/or public involvement plan, if applicable, and required budget for this activity as outlined in Appendix D.

☒ Yes ☐ No

6. Application is complete, including signature and specified number of hard copies and an electronic (pdf file) copy; and Applicant has reviewed the Standard Agreement as provided in Appendix C.

☒ Yes ☐ No

Attachment A
Form A2 – Freight Service

Demand Characteristics	CATEGORY	UNITS	VALUE
	Steady state demand – diversion of freight to rail (from trucks)	Carloads/Year	130,000 intermodal units / yr with annual growth
	First year of diversion	Carloads/Year	110,000 intermodal units / yr
	Number of years until steady state	Number of Years	10

Project Impact on Travel Distance	CATEGORY	UNITS	VALUE
	Rail miles in Virginia (Existing routing before project)	Miles	250 miles
	Rail miles in Virginia (routing after project completion)	Miles	250 miles
	Number of years until steady state	Miles	10

Conversions	CATEGORY	UNITS	VALUE
	Railcars per Train	Railcars/Trains	250 intermodal units per train
	Rail tons per Railcar	Tons/Railcar	40 tons / intermodal unit
	Trucks per Railcar	Trucks/Railcar	2 intermodal units / railcar

Other	CATEGORY	UNITS	VALUE
	Change in Daily Delay for Freight Trains	Railcars/Trains	No change
	Reduction in Number of Rail At-Grade Crossings	Tons/Railcar	No change

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

S/Attachment A2 – VA AVE TUNNEL 1 Feb 09.doc

Attachment A
Form A1 – Project Cost and Construction Period

First Construction Year

Last Construction Year

Year	Total Project COST	Total DRPT COST
Year 1	\$13,000,000	\$2,323,100
Year 2	30,000,000	5,361,000
Year 3	30,000,000	5,361,000
Year 4	30,000,000	5,361,000
Year 5	31,309,000	5,595,000
Total	\$134,309,000	\$24,001,100

Use Form A-5 to provide demand characteristics for the 15-Year Performance Period.

Attachment A
Form A5 – Demand Characteristics for 15-Year Performance Period

Performance Year	Performance Value*
1	1,000
2	1,500
3	2,000
4	3,000
5	4,000
6	35,000
7	46,000
8	52,500
9	64,000
10	70,000
14	81,500
12	82,000
13	90,500
14	108,500
15	130,000
Total	771,500

* For Freight Service Projects – car loads or containers per year
For Inter-City / Amtrak Passenger Projects – passengers per year
For Commuter / VRE Passenger Projects – passengers per year

SCHEDULE

Schedule for Notice to Proceed - Planning and Design

Program:

Rail Enhancement Fund

Agreement:

CSX Transportation, Inc.

Grantee:

Project: Virginia Avenue Tunnel 2nd Main Track and Clearances for 20'-2" DS, a major component of National Gateway

Updated Date:

2/1/2009

Scopes	Milestone Dates	Year 1												Year 2												Year 3												
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Notice to Proceed - VA AVE TUNNEL	1/2/2011																																					
Preliminary Engineering		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Environmental Assessment		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Permits														X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
Demolition/Construction																									X	X	X	X	X	X	X	X	X	X	X	X	X	

Scopes	Year 4												Year 5											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Notice to Proceed - VA AVE TUNNEL																								
Preliminary Engineering																								
Environmental Assessment																								
Permits																								
Demolition/Construction	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X